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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

IN RE OKTA, INC. SECURITIES
LITIGATION

Case No.: 3:22-cv-02990-SI

**PLAINTIFFS' NOTICE OF MOTION
AND RENEWED MOTION FOR CLASS
CERTIFICATION AND APPOINTMENT
OF CLASS REPRESENTATIVES AND
CLASS COUNSEL; MEMORANDUM OF
POINTS AND AUTHORITIES IN
SUPPORT THEREOF**

HEARING:

Date: March 29, 2024
Time: 10:00 a.m.
Judge: Hon. Susan Illston
Courtroom: 1, 17th Floor

1 **TO THE COURT, ALL PARTIES, AND THEIR ATTORNEYS OF RECORD:**

2 **PLEASE TAKE NOTICE** that on March 24, 2024, at 10:00 a.m., or as thereafter as the
3 matter may be heard before the Honorable Susan Illston, in Courtroom 1, Seventeenth Floor, of the
4 United States District Court for the Northern District of California at 450 Golden Gate Avenue, San
5 Francisco, CA 94102, Lead Plaintiff Nebraska Investment Council and Additional Plaintiff North
6 Carolina Retirement Systems will, and hereby do, move this Court, pursuant to Rules 9(b), and
7 12(b)(6) of the Federal Rules of Civil Procedure, for an order granting class certification.

8 Plaintiffs' motion is based on this Notice of Motion and Motion, the accompanying
9 Memorandum of Points and Authorities, the Expert Report of Chad Coffman and Exhibits 1-13
10 attached thereto, Declaration of Michael P. Canty and Exhibits A-D attached thereto, Declaration of
11 Benjamin Garner, and Declaration of Michael Walden-Newman, and any other documents on file in
12 this action and any oral argument of counsel.

13 Dated: November 1, 2023

14 **LABATON SUCHAROW LLP**

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MEMORANDUM OF POINTS AND AUTHORITIES

Court-appointed Lead Plaintiff Nebraska Investment Council on behalf of Omaha School Public Employees' Retirement System ("NIC" or "Lead Plaintiff") and Additional Plaintiff North Carolina Retirement Systems ("NCRS" and together with NIC, "Plaintiffs") respectfully submit this Memorandum of Law in Support of their Renewed Motion for Class Certification ("Motion").

STATEMENT OF ISSUES TO BE DECIDED

1. Whether to certify the proposed Class when it satisfies all of the requirements of Federal Rules of Civil Procedure 23(a) and 23(b)(3).
2. Whether to appoint Plaintiffs as Class Representatives.
3. Whether to appoint Lead Counsel Labaton Sucharow LLP as Class Counsel.

I. PRELIMINARY STATEMENT

Pursuant to Federal Rules of Civil Procedure (“Rule”) 23(a) and (b)(3), Plaintiffs respectfully move the Court for certification of a class of purchasers of Okta, Inc., securities to pursue claims under §§10(b) and 20(a) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder, 17 C.F.R. §240.10b-5, against Defendants.¹ The Class is defined as:

All persons and entities who or which, during the period from March 3, 2022 through August 31, 2022, inclusive (the “Class Period”), purchased or otherwise acquired the publicly traded Class A common stock of Okta, Inc. and were damaged thereby.²

Plaintiffs also respectfully move this Court for an order of appointment as Class Representatives and, pursuant to Fed. R. Civ. P. 23(g), appointing Lead Counsel Labaton Sucharow LLP (“Labaton Sucharow”) as Class Counsel.

Under Rule 23, an action may be certified for class treatment where: "(1) the class is so numerous that joinder of all members is impracticable; (2) there are questions of law or fact common

¹ “Defendants” are Okta, Inc. (“Okta” or the “Company”) and “Individual Defendants” are Chief Executive Officer Todd McKinnon (“McKinnon”), Chief Financial Officer Brett Tighe (“Tighe”), and Executive Vice Chairman, Chief Operating Officer, and Co-Founder Frederic Kerrest (“Kerrest”).

² Excluded from the Class are: (i) Defendants; (ii) members of the families of each Defendant; (iii) officers and directors of Okta; and (vi) the legal representatives, heirs, successors or assigns of any such excluded party.

1 to the class; (3) the claims or defenses of the representative parties are typical of the claims or defenses
 2 of the class; and (4) the representative parties will fairly and adequately protect the interests of the
 3 class.” Fed. R. Civ. P. 23(a). Where an action additionally presents “common” issues of law or fact
 4 that “predominate over any questions affecting only individual members,” a class action is “superior”
 5 to other methods of adjudication and class certification is appropriate. Fed. R. Civ. P. 23(b)(3).

6 This Action is ideally suited for class treatment under Rule 23. **First**, this Class is sufficiently
 7 numerous – far exceeding the minimum presumptive threshold of forty geographically dispersed
 8 investors, with over 153,050,000 shares of common stock outstanding. *See infra* III(B)(1). **Second**,
 9 this Action involves countless common questions of law and fact, including: (i) whether the federal
 10 securities laws were violated by Defendants’ acts; (ii) whether statements made by Defendants to the
 11 investing public during the Class Period misrepresented material facts about the business and
 12 operations of Okta; (iii) whether the prices of Okta’s securities during the Class Period were
 13 artificially inflated because of Defendants’ misconduct; and (iv) whether the members of the Class
 14 have sustained damages. These questions are subject to common evidence and proof. *See infra*
 15 III(B)(2). **Third**, Plaintiffs’ claims are “typical” of the claims of the Class because, like all other
 16 Class members, Plaintiffs purchased or otherwise acquired Okta common stock at market prices
 17 artificially inflated by Defendants’ false and misleading statements and omissions. Additionally,
 18 Plaintiffs and all other Class members suffered the same injuries arising from the same misconduct –
 19 the losses incurred as a result of the revelation of Defendants’ fraud and the resulting decline in Okta’s
 20 stock price. *See infra* III(B)(3). **Fourth**, Plaintiffs will “fairly and adequately” protect the interests
 21 of the Class. Plaintiffs have retained experienced counsel to represent their interests and those of the
 22 proposed Class. *See infra* III(B)(4).

23 This Action also satisfies the elements of Rule 23(b)(3). Pursuant to Rule 23(b)(3),
 24 predominance is satisfied in this action because common questions of law and fact predominate over
 25 Class members’ potential individual issues. *See infra* III(C)(1). The elements of the claims in this
 26 Action – falsity, materiality, scienter, reliance, causation, and damages – stem from common
 27 questions of law and fact. Reliance, the only possible individualized issue, is uniformly addressed
 28 through the fraud-on-the-market presumption. *See Basic Inc. v. Levinson*, 485 U.S. 224, 240-42

1 (1988). Finally, maintaining this Action as a class action is superior to any alternate means of dispute
 2 resolution because: (1) thousands of investors suffered damages as a result of Defendants'
 3 misconduct; (2) it is unlikely that investors would file individual actions due to litigation costs; (3) it
 4 is efficient to hear all such claims in one court; and (4) there is no difficulty in maintaining this case
 5 as a class action.

6 For these reasons, Plaintiffs respectfully request that the Court grant this Motion, appoint
 7 Plaintiffs as Class Representatives, and appoint Lead Counsel, Labaton Sucharow, as Class Counsel.

8 **II. STATEMENT OF FACTS**

9 **A. Okta: A Data Security Company**

10 Okta is a data security company that provides identity and access management (“IAM”)
 11 software aimed at helping companies secure user authentication for applications and allowing
 12 developers to build identity controls into applications and devices. Amended Class Action
 13 Complaint, ECF No. 48 (cited herein as “¶”) ¶¶2, 47. The Company’s flagship product, the Okta
 14 Identity Cloud, is marketed as a one-stop solution that provides identity solutions for an
 15 organization’s workforce and its customers. *Id.*

16 **B. Okta’s Growth Through Key Auth0 Acquisition**

17 Investors were particularly interested in Okta due to its impressive revenue and year-over-
 18 year growth. ¶51. To further this growth, Okta acquired Auth0, Inc. (“Auth0”), in March 2021. ¶58.
 19 The acquisition target, Auth0, provided customer identity and access management (“CIAM”)
 20 software, an expanded offering allowing companies to “give their end users access to their digital
 21 properties as well as how they govern, collect, analyze, and securely store data for those users,” for
 22 example, through multi-factor authentication. ¶¶5, 41, 58. Acquiring Auth0 and its CIAM
 23 technology provided Okta the opportunity to differentiate its product offerings and enter a highly
 24 lucrative software market. *Id.* Defendants confirmed this growth opportunity acknowledging that
 25 the Auth0 acquisition would “accelerate Okta’s growth in the \$55 billion identity market.” ¶¶5, 58-
 26 59. Okta’s continued growth and success in the identity market were dependent on the successful
 27 integration of Auth0’s business and software. The importance of this acquisition was repeatedly
 28

1 confirmed by Defendant McKinnon who explained to investors that the success of the integrations
 2 was “very critical for the success of the company.” ¶¶211-212.

3 **C. Critical Logistics for Facilitating Okta’s Auth0 Acquisition**

4 Because Auth0 presented a new software technology, different from that already offered by
 5 Okta, Okta’s ability to successfully integrate and profit from Auth0’s software depended upon the
 6 retention of Auth0 employees, knowledgeable about CIAM, who could help sell the software. ¶62.
 7 For example, a JMP analyst noted that Okta “must show that it can integrate these businesses, retain
 8 the Auth0 team and know-how, and, most importantly, successfully execute two different go-to-
 9 market strategies with two different product platforms.” *Id.*

10 However, unbeknownst to investors, Okta began losing senior Auth0 employees immediately
 11 after the acquisition. ¶63. According to CW1, who was part of the Okta M&A team, many senior
 12 Auth0 employees departed after the acquisition while others were put into roles they did not want or
 13 were below the level of seniority they held at Auth0. *Id.* CW1 added that Eugenio Pace—Auth0’s
 14 CEO and Co-Founder who remained as Okta’s President of Customer Identity after the acquisition—
 15 explained in an internal letter that senior leadership was leaving the Company around August 2021,
 16 including Auth0’s Chief Legal Officer (“CLO”), Chief Human Resources Officer (“CHRO”), and
 17 Chief Financial Officer (“CFO”). ¶65. Similarly, CW5 noted that 75-80% of Okta’s VPs and SVPs
 18 were “pushed out” of the Company, and CW6 recalled there was a “mass exodus” of salespeople—
 19 both Okta and Auth0 employees—around fall 2021. ¶¶67-68. CWs 1, 2, 4, and 5 confirmed that
 20 there was a mass exodus of employees from the Company. ¶¶89-92. Specifically, CWs 1 and 2
 21 confirmed that there were very few Auth0 employees left at the Company. ¶¶89, 92. Indeed, CW4
 22 explained that so many employees had left since the acquisition closed that Okta began offering a
 23 retention bonus to employees that stay at Okta. ¶91. The loss of senior Auth0 employees, along with
 24 key Okta employees, jeopardized the plan for a successful integration from the outset of the
 25 acquisition. ¶69. Nevertheless, Defendants concealed the loss of these senior Auth0 employees from
 26 investors, while touting the progress of the integration. ¶9.

27
 28

1 **D. Okta's Integration Plan Unravels and Significant Problems Persist**

2 Okta's integration of Auth0 and its employees continued to pose insurmountable obstacles.

3 As the problems with the Auth0 integration worsened, Okta made the rash decision to scrap its

4 original, extensive integration plan. ¶77. According to CW2, a former Okta employee who was

5 deeply involved with the integration of Auth0, the original integration plan involved keeping the

6 Auth0 employees on as "specialists" who would exclusively sell Auth0 products and help train Okta

7 employees on Auth0's product for approximately one year. ¶79. During this time, Okta employees

8 would continue selling Okta products with additional sales staff brought on to help meet goals. *Id.*

9 When the original integration plan was scrapped, former employees explained that the decision was

10 "ripped out" at the "eleventh hour" by Okta's finance team in late 2021 because there was "no way"

11 that the integration plan was "humanly possible" for FY2024. ¶81. CW2 explained that instead of

12 hiring additional sales staff and keeping 200 to 300 Auth0 employees on as "specialists," the Auth0

13 employees would be "generalists" that were expected to sell Okta products and Auth0 products (and

14 the Okta employees were expected to sell both products). *Id.* CW2 added that Okta and Auth0

15 employees did not have knowledge of, nor did they receive training or education on, each other's

16 products. ¶82. CW2 recalled being informed of the decision to scrap the integration plan around

17 December 2021, but employees were not informed until several weeks later, in approximately mid-

18 January 2022, just two weeks before the integration was supposed to go into effect. ¶83.

19 Defendants made no mention of any of these enormous problems to investors, who were

20 concerned about Okta's growth and its ability to successfully integrate with Auth0. Instead,

21 Defendants repeatedly reassured investors about their integration process. In a March 2, 2022,

22 earnings call, Defendant Tighe touted the success of the Auth0 integration and the now unified sales

23 form, stating, "[n]ow that the back office and go-to-market teams have been fully integrated . . . *[w]e*

24 *are off to a great start and recognize there is still a lot of work to do.*" ¶155. Defendant McKinnon

25 doubled down on this misleading narrative, stating, "*[w]hat we're getting is we're getting synergy*

26 *on the -- really on the sales side.*" ¶157. Defendants continued making similarly misleading

27 statements as late as June 2, 2022 – reiterating that the integration was making "great progress" when

28 in reality, the integration was suffering from significant issues. *See* ¶¶162-163.

1 **E. In August 2022, the Truth of Okta’s Months-Long Sales Slowdown was Revealed**

2 The combination of the loss of Auth0 employees and Okta’s last second decision to create one
 3 unified sales team, which forced Okta and Auth0 employees to sell each other’s products without
 4 proper training, led to significant sales challenges. ¶87. For example, CW3 stated that nobody was
 5 selling Auth0 products. ¶88. CW3 noted that she received her “module” of accounts in February
 6 2022 at the start of the fiscal year and following the integration of Auth0 sales staff. *Id.* CW3
 7 explained that everyone in sales was “struggling,” and she only managed to achieve 20% of her quota
 8 during Okta’s first quarter for fiscal year 2023, and only one or two team members did better. *Id.*
 9 These obstacles persisted through August 2022, when the truth about Okta’s integration failures was
 10 revealed.

11 On August 31, 2022, after the close of the trading day, Okta held its earnings call for the
 12 Company’s second quarter financial results for fiscal year 2023, during which Defendants finally
 13 disclosed issues related to the integration of Auth0. ¶126. Defendant McKinnon revealed the
 14 existence of sales team attrition and difficulty in selling Okta and Auth0 products. ¶127. It was a
 15 startling admission that Okta had experienced significant attrition issues that started over twelve
 16 months earlier and directly affected Okta’s growth. ¶132. On this news, the price of Okta’s stock
 17 fell dramatically overnight to \$22.25 per share, or over 24.3%, to open at \$69.15 on September 1,
 18 2022. ¶130. As investors and analysts continued to digest this news, the price of Okta’s stock fell an
 19 additional \$8.55 per share, or over 12.3%, to close at \$60.60 by the close of trading on September 1,
 20 2022.

21 **F. The Proposed Class Representatives**

22 Lead Plaintiff is a public pension fund that manages the funds entrusted to them by the state
 23 of Nebraska. ¶30. NIC manages approximately \$40 billion across thirty-two investment programs,
 24 including various pension and retirement plans for the State’s employees and retirees. Declaration of
 25 Michael P. Canty (“Canty Decl.”), Ex. B, Declaration of Michael Walden-Newman (“Walden-
 26 Newman Decl.”) at ¶2. NIC acquired shares of Okta’s Class A common stock during the Class Period
 27 at artificially inflated prices and suffered substantial losses when the truth about Okta’s concealed
 28 integration risk was revealed to the market through a series of corrective disclosures to the public. *Id.*

1 at ¶3. Lead Plaintiff has and will continue to actively monitor and participate in the ongoing
 2 prosecution of the action. *Id.* at ¶¶5-8.

3 Additional Plaintiff NCRS is administered by the North Carolina Department of State
 4 Treasurer, with the Treasurer serving as the sole trustee of NCRS's assets. NCRS provides pension
 5 benefits for state and local public employees in North Carolina and their beneficiaries. Canty Decl.
 6 Ex. C, Declaration of Benjamin Garner ("Garner Decl.") at ¶2. NCRS purchased shares of Okta's
 7 Class A common stock during the Class Period at artificially inflated prices and suffered substantial
 8 losses when the truth about Okta's concealed integration risk was revealed through a series of
 9 corrective disclosures to the public. *Id.* at ¶3. NCRS will actively monitor and participate in the
 10 ongoing prosecution of this action. *Id.* at ¶¶5-8.

11 **III. ARGUMENT**

12 **A. Legal Standard**

13 The Ninth Circuit has "established that the requirements of Rule 23 should be liberally
 14 construed in favor of class action cases brought under the federal securities laws." *In re NetSol Techs., Inc. Sec. Litig.*, 2016 WL 7496724, at *3 (C.D. Cal. July 1, 2016); *see also In re Scorpion Techs., Inc. Sec. Litig.*, 1994 WL 774029, at *3 (N.D. Cal. Aug. 10, 1994) ("[T]he Ninth Circuit favors a liberal use of class actions to enforce federal securities laws"); *In re Comput. Memories Sec. Litig.*, 111 F.R.D. 675, 679 (N.D. Cal. 1986) ("The Ninth Circuit and this District in particular have taken a liberal view of class certification motions brought in securities cases."). This is because securities class actions are best suited for class treatment. *See In re NYSE Specialists Sec. Litig.*, 260 F.R.D. 55, 80 (S.D.N.Y. 2009) ("[c]lass actions are a particularly appropriate and desirable means to resolve claims based on the securities laws"); *Comput. Memories*, 111 F.R.D. at 679 ("securities litigation is particularly well-suited for class action treatment"). Thus, class certification in securities actions is inherently favorable.

25 **B. This Action Satisfies the Requirements of Rule 23(a)**

26 **1. The Class Is So Numerous That Joinder Is Impracticable**

27 Rule 23(a)(1) weighs in favor of class certification where "the class is so numerous that joinder
 28 of all members is impracticable." Fed. R. Civ. P. 23(a)(1). Here, "'impracticability' does not mean

1 ‘impossibility,’ but only the difficulty or inconvenience of joining all members of the class.” *Harris*
 2 *v. Palm Springs Alpine Ests., Inc.*, 329 F.2d 909, 913-14 (9th Cir. 1964). “While no specific minimum
 3 number of potential class members exists, a proposed class of at least forty members presumptively
 4 satisfies the numerosity requirement.” *Hatamian v. Advanced Micro Devices, Inc.*, 2016 WL
 5 1042502, at *4 (N.D. Cal. Mar. 16, 2016).

6 Courts in this Circuit agree that, for the purposes of class certification in securities actions,
 7 numerosity is presumed “when a corporation has millions of shares trading on a national exchange,
 8 [and] more than 40 individuals purchased stock over the course of more than a year.”” *Hatamian*,
 9 2016 WL 1042502, at *4; *In re Twitter Inc. Sec. Litig.*, 326 F.R.D. 619, 626 (N.D. Cal. 2018) (average
 10 of 659.2 million shares outstanding); *In re Lendingclub Sec. Litig.*, 282 F. Supp. 3d 1171, 1178 (N.D.
 11 Cal. 2017) (over 394 million shares outstanding); *Luna v. Marvell Tech. Grp., Ltd.*, 2017 WL
 12 4865559, at *2 (N.D. Cal. Oct. 27, 2017) (over 511 million shares traded during class period); *In re*
 13 *Banc of Cal. Sec. Litig.*, 326 F.R.D. 640, 646 (C.D. Cal. 2018) (between 43.9 and 49.6 million shares
 14 outstanding).

15 Here, according to Plaintiffs’ expert, Chad Coffman, during the Class Period, shares of Okta
 16 common stock were actively traded on the Nasdaq. *See* Carty Decl. Ex. A, Expert Report of Chad
 17 Coffman, (“Coffman Report”), ¶25. Throughout the Class Period, Okta had between 149.7 million
 18 and 151.9 million shares of common stock outstanding. *Id.* ¶66.

19 The proposed Class is therefore likely to contain at least hundreds (and likely thousands) of
 20 investors making joinder impracticable. *See In re Lyft Inc. Sec. Litig.*, 2021 WL 3711470, at *3 (N.D.
 21 Cal. Aug. 20, 2021) (“Given the number of shares traded . . . the putative class members are
 22 sufficiently numerous to make joinder impracticable”). Moreover, “because this is a securities action
 23 involving publicly traded stock, it is highly likely that the members of the Class are geographically
 24 diverse, making joinder impractical.” *See In re China Intelligent Lighting & Elecs., Inc. Sec. Litig.*,
 25 2013 WL 5789237, at *4 (C.D. Cal. Oct. 25, 2013).

26 While the exact number of Class members is currently unknown, Plaintiffs believe that there
 27 are at least thousands of members in the proposed Class. Members of the Class may be identified
 28 from Okta’s records or by the records of its transfer agent. Such absent Class members can be notified

1 of the pendency of this action by mail and publication using forms of notice similar to those
 2 customarily used in securities class actions. Accordingly, the numerosity prerequisite for class
 3 certification is satisfied here.

4 **2. This Action Presents Common Questions of Law and Fact**

5 Rule 23(a)(2) requires a showing that “questions of law or fact” are common to the class. Fed.
 6 R. Civ. P. 23(a)(2). “Plaintiffs need not show, however, that every question in the case, or even a
 7 preponderance of questions, is capable of class wide resolution. So long as there is even a single
 8 common question, a would-be class can satisfy the commonality requirement of Rule 23(a)(2).”
 9 *Parsons v. Ryan*, 754 F.3d 657, 675 (9th Cir. 2014); *see also Stockwell v. City & Cnty. of S.F.*, 749
 10 F.3d 1107, 1112 (9th Cir. 2014) (“[A] common contention need not be one that ‘will be answered, on
 11 the merits, in favor of the class.’ Instead, it only ‘must be of such a nature that it is capable of
 12 classwide *resolution* – which means that determination of its *truth or falsity* will resolve an issue that
 13 is central to the validity of each one of the claims in one stroke.’”) (emphasis in original) (quoting
 14 *Wal-Mart Stores, Inc. v. Dukes*, 564 U.S. 338, 350 (2011)). In securities actions, courts have
 15 recognized that “public disclosures alleged to contain material misrepresentations and omissions . . .
 16 present common questions of law and fact.” *Hatamian*, 2016 WL 1042502, at *4 (“Confronted with
 17 a class of purchasers allegedly defrauded over a period of time by similar misrepresentations, courts
 18 have taken the commonsense approach that the class is united by a common interest in determining
 19 whether a defendant’s course of conduct is in its broad outlines actionable.” (quoting *Blackie v.*
 20 *Barrack*, 524 F.2d 891, 902 (9th Cir. 1975)).

21 This Action raises several common questions of law and fact, including but not limited to: (i)
 22 whether the federal securities laws were violated by Defendants’ acts as alleged in the Amended
 23 Complaint; (ii) whether statements made by Defendants to the investing public during the Class
 24 Period misrepresented material facts about the business and operations of Okta; (iii) whether the
 25 prices of Okta’s securities during the Class Period were artificially inflated because of Defendants’
 26 conduct complained of in the Amended Complaint; and; (iv) whether the members of the Class have
 27 sustained damages and, if so, what the proper measure of damages is. These common questions
 28 establish commonality. *See Lyft*, 2021 WL 3711470, at *3 (whether the registration statement

1 “contained untrue statements of material fact or omitted to disclose material facts, whether public
 2 sources of information could have revealed the purportedly untrue statements or omissions, and
 3 whether Defendants violated the Securities Act . . . are sufficient [questions] to satisfy” commonality);
 4 *China Intelligent*, 2013 WL 5789237, at *4 (where “members of the Class were all allegedly injured
 5 by the same misstatements and omissions in the Offering Documents . . . there are numerous common
 6 questions of law or fact that can be resolved on a classwide basis”); *LendingClub*, 282 F. Supp. 3d at
 7 1179 (commonality satisfied where investors “suffered similar losses as a result” of “the same
 8 misleading registration statement”).

9 **3. Plaintiffs’ Claims Are Typical of the Class**

10 Rule 23(a)(3) requires that the class representative’s claims or defenses be “typical” of the
 11 claims or defenses of the prospective class. To determine whether the claims are “typical,” Courts
 12 consider “whether other members have the same or similar injury, whether the action is based on
 13 conduct, which is not unique to the named plaintiffs, and whether other class members have been
 14 injured by the same course of conduct.” *Parsons*, 754 F.3d at 685. Under Rule 23(a)(3)’s “permissive
 15 standards, representative claims are ‘typical’ if they are reasonably coextensive with those of absent
 16 class members; they need not be substantially identical.” *Id.* “[T]he typicality requirement is met”
 17 where all “claims are based upon the same course of events as the claims of all class members, and
 18 all claims are based on the same theories and will be proven by the same evidence.” *In re Celera*
 19 *Corp. Sec. Litig.*, 2014 WL 722408, at *3 (N.D. Cal. Feb. 25, 2014). Additionally, class members’
 20 injuries need not be identical to satisfy the typicality requirement. Courts “do not insist that the named
 21 plaintiffs’ injuries be identical with those of the other class members, only that the unnamed class
 22 members have injuries similar to those of the named plaintiffs and that the injuries result from the
 23 same, injurious course of conduct.” *Armstrong v. Davis*, 275 F.3d 849, 869 (9th Cir. 2001); *In re*
 24 *LDK Solar Sec. Litig.*, 255 F.R.D. 519, 532 (N.D. Cal. 2009) (even “potentially conflicting incentives
 25 regarding the calculation of damages do not preclude certification of the proposed class”).

26 Plaintiffs’ claims are “typical” of, if not identical to, the claims of all other absent Class
 27 members. “Here, all putative class members allegedly suffered injuries based on Defendants’
 28 misrepresentations There’s nothing to suggest that the [Plaintiffs’] injury is unique in any way,

1 or that Defendants may have affirmative defenses against the [Plaintiffs] that wouldn't apply to the
 2 rest of the class. That's enough for typicality." *Banc of Cal.*, 326 F.R.D. at 647. Indeed, Plaintiff
 3 allege that Defendants misrepresented or omitted material facts concerning Okta's Auth0 integration.
 4 Specifically, that Okta was facing a mass exodus of highly specialized Auth0 employees, critical to
 5 Okta's ability to sell Auth0 products, and that the remaining Okta and Auth0 employees had
 6 insufficient knowledge of or training on the others' products, impeding their ability to sell the full
 7 suite of products. *See, e.g.*, ¶¶63, 65, 67-68. As a result, employees struggled to meet sales goals and
 8 Okta's integration plan deteriorated. Plaintiffs purchased or acquired Okta securities at artificially
 9 inflated prices during the Class Period, as did the absent Class members. ¶233. Both Plaintiffs and
 10 the absent Class members are presumed to have relied on Defendants' misrepresentations and
 11 omissions. *See Basic*, 485 U.S. at 240; *Erica P. John Fund, Inc. v. Halliburton Co. (Halliburton I)*,
 12 563 U.S. 804, 811 (2011). Finally, Plaintiffs and the absent Class members were uniformly injured
 13 when the true facts concerning Okta's misrepresentations and omissions were revealed, resulting in a
 14 significant decline in Okta's stock price. *Wong v. Arlo Techs., Inc.*, 2021 WL 1146042, at *4 (N.D.
 15 Cal. Mar. 25, 2021), *amended and superseded on other grounds*, 2021 WL 1531171 (N.D. Cal., Apr.
 16 19, 2021) ("Lead Plaintiff's claims are typical, if not identical, to those of the class because he
 17 purchased or acquired Arlo stocks at (allegedly) artificially inflated prices during the relevant time
 18 period and suffered accompanying losses.").³

19 4. Plaintiffs Will Fairly and Adequately Protect the Interests of the Class

20 Rule 23(a)(4) requires that "representative parties will fairly and adequately protect the
 21 interests of the class." Fed. R. Civ. P. 23(a)(4). "To determine whether a plaintiff will adequately
 22 serve the class, courts consider two questions: '(1) do the named plaintiffs and their counsel have any
 23 conflicts of interest with other class members[,] and (2) will the named plaintiffs and their counsel
 24 prosecute the action vigorously on behalf of the class?'" *SEB Inv. Mgmt. AB v. Symantec Corp.*, 335

25
 26
 27 ³ Moreover, the fact that NIC acquired its Okta shares as part of a distribution does not render it
 28 atypical. Indeed, investors other than NIC likely acquired Okta shares in the same or similar
 circumstances and equally suffered losses when the truth was revealed.

1 F.R.D. 276, 284-85 (N.D. Cal. 2020) (citing *Hanlon v. Chrysler Corp.*, 150 F.3d 1011, 1020 (9th Cir.
 2 1988).

3 The adequacy requirement is satisfied here. Lead Plaintiff is a large public pension fund that
 4 manages the funds entrusted to them by the State of Nebraska. Walden-Newman Decl. ¶2. This
 5 entails managing the investments for 30 state entities and groups, including the State of Nebraska's
 6 employees and retirees and in particular in this case, NIC, which is the relevant entity that acquired
 7 Okta shares and sustained losses as a result. *Id.* Similarly, NCRS is a large public pension fund that
 8 provides pension benefits for state and local public employees in North Carolina and their
 9 beneficiaries. Garner Decl. at ¶2. NCRS purchased Okta Class A common stock during the Class
 10 Period and sustained losses as a result. *Id.* at ¶3.

11 Plaintiffs are committed to safeguarding the best interests of the Class and do not have
 12 interests that conflict with those of the Class. *China Intelligent*, 2013 WL 5789237, at *5 (crediting
 13 plaintiffs' "assert[ion] that there are no conflicts of interest between them and the absent members of
 14 the Class . . . because the claims of the Class members are based almost entirely on common issues
 15 of law and fact, and because . . . [p]laintiffs' interests appear to be closely bound to those of the absent
 16 Class members"); *Ellis v. Costco Wholesale Corp.*, 657 F.3d 970, 985 (9th Cir. 2011) ("Adequate
 17 representation depends on, among other factors, an absence of antagonism between representatives
 18 and absentees, and a sharing of interest between representatives and absentees").

19 Plaintiffs are well-suited to monitor and oversee the litigation to ensure that the best-interests
 20 of the Class are protected. To date, Plaintiffs have taken numerous steps to oversee the litigation,
 21 including: (i) investigating the claims, including by interviewing former employees; (ii) preparing
 22 and filing the Amended Complaint; (iii) briefing and defeating Defendants' motion to dismiss; and
 23 (iv) preparing this renewed motion for class certification. Plaintiffs have also begun an extensive
 24 document search to produce documents in response to Defendants' requests for production of
 25 documents. Plaintiffs will also provide testimony during their depositions.

26 Plaintiffs are also adequate because they have retained attorneys with considerable experience
 27 in securities class actions and complex litigation. *See* Rule 23(g) (requiring courts to assess adequacy
 28 of proposed class counsel). Lead Counsel is competent and qualified to lead this Action on behalf of

1 the Class. *See* Labaton Sucharow LLP Firm Resume, Canty Decl. Ex. D. Labaton Sucharow has
2 served or is serving as lead counsel in many of the largest and most significant securities class
3 actions,⁴ and by appointing Labaton Sucharow as Lead Counsel, this Court has already made a
4 preliminary (and proper) determination that Labaton Sucharow will fairly and adequately protect the
5 interests of the Class. *See* ECF No. 39. Lead Counsel has committed substantial time and resources
6 to representing the Class, has worked vigorously to prosecute this Action, and has and will continue
7 to zealously and competently represent the interests of all Class members.

C. This Action Satisfies the Requirements of Rule 23(b)(3)

In addition to satisfying the Rule 23(a) requirements, Plaintiffs and the proposed Class must also satisfy at least one of the conditions imposed by Rule 23(b). Rule 23(b)(3) requires: (i) “the questions of law or fact common to class members predominate over any questions affecting only individual members”; and (ii) “that a class action is superior to other available methods for fairly and efficiently adjudicating the controversy.” Fed. R. Civ. P. 23(b)(3). Here, Rule 23(b)(3) is satisfied because “the interests of the class members are aligned and the same alleged misconduct underlies their claims” and the numerous Class members “have a minimal interest in controlling the course of the litigation; there are significant efficiency gains to be reaped from concentrating the litigation in a single forum; and the likely difficulties in managing the class action are readily surmountable.” *In re Petrobras Sec. Litig.*, 312 F.R.D. 354, 363 (S.D.N.Y. 2016), *vacated in part on other grounds*, 862 F.3d 250 (2d Cir. 2017).

⁴ See, e.g., *In re Extreme Networks, Inc. Sec. Litig.*, 2019 WL 3290770, at *5 (N.D. Cal. July 22, 2019) (“The Court has no reservations regarding [Labaton Sucharow’s] abilities . . . or their zeal in representing the class”); *Maliarov v. Eros Int’l PLC*, 2016 WL 1367246, at *7 (S.D.N.Y. Apr. 5, 2016) (“Labaton Sucharow’s extensive involvement in complex securities class action litigation demonstrates that the firm is qualified, experienced, and generally able to conduct the litigation”); *City of Providence v. Aeropostale, Inc.*, 2014 WL 1883494, at *16 (S.D.N.Y. May 9, 2014) (“This favorable Settlement is attributable to the diligence, determination, hard work, and reputation of [Labaton Sucharow], who developed, litigated, and successfully negotiated the settlement of this Action, an immediate cash recovery in a very challenging case”); *In re Facebook, Inc. IPO Sec. & Derivative Litig.*, 288 F.R.D. 26, 41 (S.D.N.Y. 2012) (Labaton Sucharow has “substantial experience in the prosecution of securities class actions” and “has served as lead counsel in numerous securities actions . . . in which it recently achieved settlements totaling” \$1 billion).

1 **1. Common Questions of Law and Fact Predominate**

2 “The Rule 23(b)(3) predominance inquiry tests whether proposed classes are sufficiently
 3 cohesive to warrant adjudication by representation.” *Amchem Prods., Inc. v. Windsor*, 521 U.S. 591,
 4 623 (1997). To satisfy this inquiry, “**questions** of law or fact common to the class [must]
 5 ‘predominate over any questions affecting only individual members’ as the litigation progresses.”
 6 *Amgen, Inc. v. Conn. Ret. Plans & Tr. Funds*, 568 U.S. 455, 467 (2013) (emphasis in original).
 7 Securities class actions routinely satisfy Rule 23(b)(3)’s predominance requirement. *See Amchem*,
 8 521 U.S. at 625; *see also Basic*, 485 U.S. 224. Finally, Rule 23(b)(3) “does *not* require a plaintiff
 9 seeking class certification to prove that each ‘elemen[t] of [her] claim [is] susceptible to classwide
 10 proof[,]’” but rather just “that common questions ‘*predominate* over any questions affecting only
 11 individual [class] members.’” *Amgen*, 568 U.S. at 469 (emphasis and alterations in the original)
 12 (quoting Fed. R. Civ. P. 23(b)(3)).

13 This Action presents clear questions of law and fact common to every Class member,
 14 including: (i) whether Defendants issued false and misleading statements and omissions; (ii) whether
 15 Defendants acted with scienter; (iii) whether Okta securities traded at artificially inflated prices; and
 16 (iv) whether investors suffered damages as the truth was revealed. Each one of these questions is
 17 susceptible to common proof on a Class-wide basis. *See Amgen*, 568 U.S. at 467-468. Moreover, the
 18 Supreme Court has clearly found that materiality and loss causation are ““common questio[ns]” for
 19 purposes of Rule 23(b)(3).” *Id.* at 459-60, 467 (explaining these elements can be proven on a class-
 20 wide basis and will face the same outcome based on uniform evidence).

21 **a. Plaintiffs Are Entitled to the Fraud-on-the-Market Presumption of
 22 Reliance**

23 Plaintiffs may invoke the fraud-on-the-market presumption based on the facts that Okta
 24 securities traded in an efficient market and, in that market, the price of Okta securities reflected all
 25 publicly available information about the company. For these reasons, all purchasers and acquirers of
 26 Okta securities are uniformly presumed to have relied on all available public information. *Amgen*,
 27 568 U.S. at 458; *see Halliburton Co. v. Erica P. John Fund, Inc., (Halliburton II)*, 573 U.S. 258, 272
 28 (2014) (“Even the foremost critics of the efficient-capital-markets hypothesis acknowledge that public

1 information generally affects stock prices.”). Because all Class members invoke the fraud-on-the-
 2 market presumption, there are no individual reliance issues to be considered here. *See Basic*, 485
 3 U.S. at 241-242.

4 Four factors must be satisfied to invoke the *Basic* presumption of reliance: “(1) that the alleged
 5 misrepresentations were publicly known, (2) that they were material, (3) that the stock traded in an
 6 efficient market, and (4) that the plaintiff traded the stock between the time the misrepresentations
 7 were made and when the truth was revealed.” *Halliburton II*, 573 U.S. at 268. Plaintiffs establish
 8 these four factors allowing the presumption to apply. Plaintiffs allege that Defendants’
 9 misrepresentations were made publicly on March 2, 2022 (¶¶155-158), and June 2, 2022 (¶¶162-166),
 10 and that these misrepresentations were material. All Class members “traded [Okta] stock between
 11 the time the misrepresentations were made and when the truth was revealed.” *Id.* For the reasons
 12 stated below, Okta stock traded in an efficient market.

13 Mr. Coffman’s report demonstrates that Okta securities satisfy *Basic*’s factors and, thus,
 14 traded in an efficient market. Coffman Report ¶¶14-77. Moreover, where a company’s stock trades
 15 on an open and developed exchange, courts need not conduct any further analysis to determine
 16 whether market efficiency exists. *Cammer v. Bloom*, 711 F. Supp. 1264, 1286-87 (D.N.J. 1989).
 17 Here, Okta was widely traded on the Nasdaq—a developed exchange—which alone establishes
 18 market efficiency. *Hodges v. Akeena Solar, Inc.*, 274 F.R.D. 259, 269 (N.D. Cal. 2011) (“[p]laintiffs
 19 made a *prima facie* showing that the fraud-on-the-market presumption of reliance applied because
 20 [p]laintiffs sufficiently established that [defendant]’s stock was actively traded on an efficient market
 – the NASDAQ”).

22 Where plaintiffs cannot make this showing, courts apply the five-factor analysis set forth in
 23 *Cammer*, 711 F. Supp. at 1286-87, to determine whether stock is traded in an efficient market. The
 24 factors are: (1) whether the stock trades at a high weekly volume; (2) whether securities analysts
 25 follow and report on the stock; (3) whether the stock has market makers and arbitrageurs; (4) whether
 26 the company is eligible to file United States Securities and Exchange Commission (“SEC”)
 27 Registration Statement Forms S-3; and (5) whether there are “empirical facts showing a cause and effect

1 relationship between unexpected corporate events or financial releases and an immediate response in
 2 the stock price.” *Id.* at 1287.

3 For the reasons stated above, a *Cammer* analysis is not necessary. However, even if the Court
 4 conducted a *Cammer* analysis, Plaintiffs demonstrate that Okta securities satisfy all five factors
 5 rendering the market for Okta securities efficient.

6 **First**, Okta’s trading volume supports a showing of market efficiency. Coffman Report ¶¶26-
 7 30. “Turnover measured by average weekly trading of two percent or more of the outstanding shares
 8 would justify a strong presumption that the market for the security is an efficient one; one percent
 9 would justify a substantial presumption.” *Cammer*, 711 F. Supp. at 1286. During the Class Period,
 10 the average weekly trading volume of Okta common stock was approximately 9.32% of shares
 11 outstanding, compared to 2.58% for the average weekly trading volume on both the NYSE and
 12 NASDAQ exchanges (Coffman Report ¶28) – which is greater than the threshold that courts
 13 commonly apply. *Nguyen v. Radient Pharm. Corp.*, 287 F.R.D. 563, 571 (C.D. Cal. 2012) (quoting
 14 *Cammer*, 711 F. Supp. at 1286) (“average weekly trading of 2% or more of the outstanding shares
 15 would justify a strong presumption that the market for the security is an efficient one; 1% would
 16 justify a substantial presumption.”).

17 **Second**, analyst coverage of Okta provides strong support for finding market efficiency here.
 18 Coffman Report at ¶¶31-36. “The existence of securities analysts following [a company’s] stock
 19 during the class period would imply that the market would rapidly and fully incorporate information
 20 into the stock price because analyst reports would likely be ‘closely reviewed by investment
 21 professionals, who would in turn make buy/sell recommendations to client investors.’” *In re*
 22 *Diamond Foods, Inc. Sec. Litig.*, 295 F.R.D. 240, 248 (N.D. Cal. 2013) (quoting *Cammer*, 711 F.
 23 Supp. at 1286). Here, “there were at least 82 reports issued during the Class Period and lists 18
 24 separate firms that had equity analysts issue reports on Okta, including major firms such as RBC
 25 Capital Markets, Morgan Stanley, and Wells Fargo.” Coffman Report at ¶33.

26 **Third**, the existence of over one hundred market makers for Okta’s common stock easily
 27 supports a finding that the market was efficient. *Id.* at ¶41. Under *Cammer*, the existence of “ten
 28 market makers for a security” is sufficient to invoke the “presumption that the market for the security

1 is an efficient one.” *Cammer*, 711 F. Supp. at 1293. Thus, the existence of one hundred and one
 2 market makers far exceeds *Cammer*’s requirement. Coffman Report at ¶41. Okta’s listing on the
 3 Nasdaq is strong evidence of market efficiency. *Id.* at ¶¶37-41. Throughout the Class Period, Okta’s
 4 common stock was listed and traded on the Nasdaq, the second largest securities exchange by total
 5 market capitalization in the world. ¶¶39-40. As stated above, the fact that Okta’s stock traded on the
 6 Nasdaq is itself a strong indicator of market efficiency. *See In re Juniper Networks, Inc. Sec. Litig.*,
 7 264 F.R.D. 584, 591 (N.D. Cal. 2009) (“Plaintiffs made a *prima facie* showing that the fraud-on-the-
 8 market presumption of reliance applied because [the p]laintiffs sufficiently established that [the
 9 defendant]’s stock was actively traded on an efficient market – the NASDAQ.”).

10 **Fourth**, Okta’s eligibility to file form S-3 Registration Statements is a strong indicator of
 11 market efficiency because the SEC only allows certain issuers to use these forms. Coffman Report
 12 at ¶¶42-44. Specifically, Form S-3 Registration Statements are reserved for issuers of securities that
 13 are generally deemed widely followed. *Id.* at ¶43. According to the Coffman Report, Okta filed an
 14 S-3 registration statement in March 2019 and there was no evidence found to suggest that Okta was
 15 deemed ineligible to file form S-3 Registration Statements thereafter. *Id.* at ¶44. Thus, Okta common
 16 stock satisfies this *Cammer* factor.

17 **Fifth**, Okta’s price reaction to new material information demonstrates market efficiency. *Id.*
 18 at ¶¶45-64. The fluctuation of a stock price in reaction to corporate news is an indicator of market
 19 efficiency. *See Cammer*, 711 F. Supp. at 1287. This factor is routinely demonstrated through an
 20 “event study.” *Diamond Foods*, 295 F.R.D. at 247; *Luna*, 2017 WL 4865559, at *6 (an event study
 21 “is a feature of virtually every securities action”). Plaintiffs’ expert, Chad Coffman, conducted an
 22 event study to demonstrate the causal connection between new company-specific events and
 23 movements in the market price as evidence of market efficiency. Coffman Report at ¶46. In
 24 conducting this event study, Mr. Coffman used statistical analysis to isolate the impact of such
 25 information on market prices – *i.e.*, “whether Okta Common Stock reacted to earnings announcements
 26 in a manner significantly different from how the stock moved on days with no Okta-related news.”
 27 *Id.* at ¶¶46-48. For the reasons stated in Mr. Coffman’s report, there is “a clear cause-and-effect

1 relationship between new material news and changes in the market price of Okta Common Stock
 2 during the . . . Class Period.” *Id.* at ¶¶45-64.

3 In addition to the *Cammer* factors, which demonstrate an efficient market for Okta stock,
 4 courts also consider the three *Krogman* factors. *See Di Donato v. INSYS Therapeutics, Inc.*, 333
 5 F.R.D. 427, 438 (D. Ariz. 2019) (citing *Krogman v. Sterritt*, 202 F.R.D. 467, 474 (N.D. Tex. 2001)).
 6 The three factors examine the company’s market capitalization, the bid-ask spread, and the percentage
 7 of stock not held by insiders (the float). *Id.* Each of these factors further supports a finding that the
 8 market for Okta’s stock was efficient. During the Class Period, Okta had an average market
 9 capitalization of \$17.02 billion (Coffman Report at ¶67), approximately 99% of which were held by
 10 non-insiders. *Id.* at ¶71. Okta’s average bid-ask spread was narrow – estimated to be between only
 11 0.046% and 0.057% per month during the Class Period. *Id.* at ¶70. Together, these facts satisfy the
 12 three additional *Krogman* factors and support a finding of market efficiency.

13 Plaintiffs’ expert considers two additional factors which support a finding of market efficiency
 14 for Okta’s stock. *Id.* at ¶¶72-73. First, Coffman analyzes institutional ownership stating that “966
 15 institutions reported owning Okta Common Stock during the Class Period, holding the majority of
 16 the public float. This substantial level of institutional ownership of Okta Common Stock during the
 17 Class Period coupled with the high trading volume further supports a conclusion of market
 18 efficiency.” *Id.* at ¶72. Second, Coffman includes an autocorrelation analysis which determines
 19 whether “price movements of a security have the ability to predict future price movements.” *Id.* at
 20 ¶73. After running a regression analysis (a well-accepted methodology to test for autocorrelation),
 21 Coffman determined that there was no evidence of autocorrelation, which further supports the
 22 existence of market efficiency here. *Id.* at ¶¶73-76. Finally, Plaintiffs’ expert includes an additional
 23 factor – options – which further demonstrates that Okta stock traded in an efficient market. *Id.* at ¶77.

24 Moreover, because the Complaint alleges material omissions, Plaintiffs and the proposed
 25 Class are also entitled to the presumption of reliance established by *Affiliated Ute Citizens v. United*
 26 *States*, 406 U.S. 128, 153-54 (1972) (For claims “involving primarily a failure to disclose, [by persons
 27 with a duty to disclose,] positive proof of reliance is not a prerequisite to recovery. All that is
 28 necessary is that the facts withheld be material.”). *See* ¶¶155-158, ¶¶162-166.

(1) Okta Cannot Maintain a Price Impact Argument to Rebut the Presumption of Reliance

The Supreme Court has recognized that defendants may attempt to rebut the fraud-on-the-market presumption of reliance at the class certification stage. *Halliburton II*, 573 U.S. at 280-83. However, to rebut the presumption, Defendants must demonstrate a lack of “price impact” or that there is “no link between plaintiffs’ decision to trade at the market price and the alleged misrepresentations or omissions.” *Symantec*, 335 F.R.D. at 283. To make this showing, “[d]efendants must introduce evidence showing the alleged ‘misrepresentation[s] in fact did not lead to a distortion of price or that an individual plaintiff traded or would have traded despite his knowing the statement was false.’” *Hatamian*, 2016 WL 1042502, at *7 (citing *Basic*, 485 U.S. at 248). Importantly, Plaintiffs are not required to affirmatively prove price impact at this stage. *Halliburton I*, 563 U.S. at 813; *Halliburton II*, 573 U.S. at 275-76, 281-85. Because Okta’s stock price reacted to company news (¶¶130-132), Defendants cannot rebut the reliance presumption at this early stage.

b. Damages Can be Calculated on a Class-wide Basis

Proof of damages is not a prerequisite to class certification. See *LendingClub*, 282 F. Supp. 3d at 1184. Moreover, the damages calculation does not present individual issues that predominate over Class-wide considerations. *Banc of Cal.*, 326 F.R.D. at 651. Plaintiffs intend to prove damages and economic loss through the “out-of-pocket” method of damages (i.e., “that damages are equal to the artificial inflation in the share price at the time of purchase minus the artificial inflation per share at the time of sale”). Coffman Report at ¶¶78-83. The out-of-pocket method is a widely accepted method of measuring damages in Exchange Act cases. *City of Miami Gen. Emps.’ & Sanitation Emps.’ Ret. Tr. v. RH, Inc.*, 2018 WL 4931543, at *3 (N.D. Cal. Oct. 11, 2018) (“Courts regularly reaffirm that the out-of-pocket, or event study, method matches plaintiffs’ theory of liability under Section 10(b) of the Securities Exchange Act, making it the standard method for calculating damages in virtually every Section 10(b), class action.”) (citing *In re SanDisk LLC Sec. Litig.*, 2018 WL 4293336, at *2 (N.D. Cal. Sept. 4, 2018)). For the reasons set forth in the Coffman Report, Plaintiffs clearly demonstrate that damages can be calculated on a class-wide basis. Coffman Report at ¶¶78-

2. This Proposed Class is Superior to Alternative Methods for Resolving this Dispute

To be certified, a class must be “superior to other available methods for fairly and efficiently adjudicating the controversy.” Fed. R. Civ. P. 23(b)(3). The test for superiority turns on four factors: (1) the class members’ interests in individually controlling the prosecution or defense of separate actions; (2) the extent and nature of any litigation concerning the controversy already begun by or against class members; (3) the desirability or undesirability of concentrating the litigation of the claims in the particular forum; and (4) the likely difficulties in managing a class action. Fed. R. Civ. P. 23(b)(3)(A)-(D).

Securities class actions, like this Action, are routinely found to meet these superiority factors. See *Twitter Inc.* 326 F.R.D. at 630-31 (N.D. Cal. 2018); *In re UTStarcom*, 2010 WL 1945737, at *10 (N.D. Cal. May 12, 2010) (stating that “the court has previously found class treatment superior to individual actions in the context of securities litigation.”); *In re VeriSign, Inc. Sec. Litig.*, 2005 WL 7877645, at *9 (N.D. Cal. Jan. 13, 2005) (“Class actions are particularly well-suited in the context of securities litigation, wherein geographically dispersed shareholders with relatively small holdings would otherwise have difficulty in challenging wealthy corporate defendants”).

Here, all four of Rule 23(b)(3)'s factors weigh in favor of class certification. **First**, there is no indication that any member of the Class would control the prosecution of these claims individually especially because recovery on an individual basis would be dwarfed by the cost of litigating on an individual basis. *Zinser v. Accufix Rsch. Inst., Inc.*, 253 F.3d 1180, 1189 (9th Cir. 2001); *Hanlon*, 150 F.3d at 1023 (finding that “[i]n most cases, litigation costs would dwarf potential recovery.”). Indeed, the proposed class consists of countless geographically dispersed shareholders making the costs and logistics of individually pursuing these claims impracticable. *See VeriSign*, 2005 WL 7877645 at *9. In the unlikely event that some individuals seek to litigate on an individual basis, they will have the option to opt out of the Class. **Second**, counsel is unaware of any other litigation against these Defendants asserting these claims. **Third**, concentration of this litigation in one forum is desirable to promote efficiency – a key consideration of Rule 23(b)(3) – and to avoid inconsistent adjudication. *See Hedges*, 274 F.R.D. at 271 (reasoning “where thousands of identical complaints

1 would have to be filed, it is superior to concentrate claims through a class action in a single forum.”).
 2 **Fourth**, there are no anticipated difficulties in maintaining this action as a class action.⁵ All members
 3 of the proposed class are those who purchased or acquired the publicly traded Class A common stock
 4 of Okta, Inc. and were damaged due to Okta’s actions.

5 For these reasons, a class action is superior to any other method of resolving the claims at
 6 issue.

7 **D. The Court Should Appoint Lead Counsel as Class Counsel Under Rule 23(g)**

8 Labaton Sucharow should be appointed as class counsel pursuant to Rule 23(g). Fed. R. Civ.
 9 P. 23(g)(1) (“a court that certifies a class must appoint class counsel”). When appointing class
 10 counsel, a court “must consider” the following factors: (i) the work counsel has done in identifying
 11 or investigating potential claims in the action; (ii) counsel’s experience in handling class actions,
 12 other complex litigation, and the types of claims asserted in the action; (iii) counsel’s knowledge of
 13 the applicable law; and (iv) the resources that counsel will commit to representing the class. Fed. R.
 14 Civ. P. 23(g)(1)(A)(i)-(iv).

15 Labaton Sucharow, in its capacity as Lead Counsel, has performed substantial work
 16 identifying and investigating the claims asserted in this Action, has substantial experience handling
 17 class actions asserting claims of this type, has committed and will continue to commit substantial
 18 resources to representing the Class, and has worked vigorously to prosecute this Action. *See supra*
 19 Section III(B)(4); Carty Decl. Ex. D. In appointing Lead Counsel, this Court already made a
 20 preliminary (and proper) determination that Labaton Sucharow will fairly and adequately protect the
 21 interests of the putative Class. *See* ECF No. 39. For these reasons, Labaton Sucharow will fairly and
 22 adequately represent the Class and should be appointed Class Counsel pursuant to Rule 23(g).

23 **IV. CONCLUSION**

24 For the reasons addressed above, Plaintiffs request that the Court: (i) certify the Class pursuant
 25 to Rule 23(a) and 23(b)(3); (ii) appoint Plaintiffs as Class Representatives; and (iii) appoint Labaton
 26

27 ⁵ Regardless, the Ninth Circuit has recognized that “courts should not refuse to certify a class
 28 merely on the basis of manageability concerns.” *Briseno v. ConAgra Foods, Inc.*, 844 F.3d 1121,
 1128 (9th Cir. 2017) (citing *Mullins v. Direct Digital, LLC*, 795 F.3d 654 (7th Cir. 2015)).

1 Sucharow as Class Counsel pursuant to Rule 23(g); and (iv) grant Plaintiffs any such further relief as
2 the Court deems just and proper.

3
4 DATED: November 1, 2023

Respectfully submitted,

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